

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2005**

	September-05					August-05				July-05				Current Fiscal YTD	Prior Year FY05	3 Years Ended 6/30/2005	5 Years Ended 6/30/2005
	Market Value	Allocation	Policy	Quarter Net ROR	Month Net ROR	Market Value	Allocation	Policy	Month Net ROR	Market Value	Allocation	Policy	Month Net ROR	Net ROR	Net ROR	Net	Net
LARGE CAP DOMESTIC EQUITY																	
<i>Structured Growth</i>																	
LA Capital	70,815,392	4.6%	4.5%	5.64%	1.53%	69,731,244	4.6%	4.5%	-0.36%	67,881,351	4.5%	4.5%	4.42%	5.64%	8.17%	N/A	N/A
Total Structured Growth	70,815,392	4.6%	4.5%	5.64%	1.53%	69,731,244	4.6%	4.5%	-0.36%	67,881,351	4.5%	4.5%	4.42%	5.64%	8.17%	10.85%	-8.72%
Russell 1000 Growth				4.01%	0.46%				-1.29%				4.89%	4.01%	1.67%	8.07%	-9.95%
<i>Structured Value</i>																	
LSV	70,359,654	4.6%	4.5%	4.82%	1.33%	69,404,726	4.6%	4.5%	-0.39%	75,644,860	5.0%	4.5%	3.86%	4.82%	18.24%	9.94%	11.97%
Russell 1000 Value				3.88%	1.40%				-0.43%				2.89%	3.88%	14.06%	7.59%	3.32%
<i>Enhanced Russell 1000 Index</i>																	
LA Capital	95,055,979	6.2%	6.0%	6.85%	2.20%	92,990,155	6.1%	6.0%	0.45%	91,034,405	6.0%	6.0%	4.07%	6.85%	7.39%	8.60%	N/A
Russell 1000				3.95%	0.93%				-0.87%				3.89%	3.95%	7.92%	7.83%	N/A
<i>Enhanced S&P 500 Index</i>																	
Northern Trust	92,676,114	6.0%	6.0%	3.81%	1.00%	91,684,342	6.1%	6.0%	-1.00%	89,880,919	5.9%	6.0%	3.82%	3.81%	6.02%	7.40%	N/A
Westridge	92,465,312	6.0%	6.0%	3.65%	0.81%	91,707,866	6.1%	6.0%	-0.89%	89,765,904	5.9%	6.0%	3.75%	3.65%	6.66%	7.54%	N/A
Total Enhanced S&P 500 Index	185,141,426	12.0%	12.0%	3.73%	0.90%	183,392,208	12.1%	12.0%	-0.95%	179,646,823	11.8%	12.0%	3.78%	3.73%	6.26%	8.00%	N/A
S&P 500				3.60%	0.81%				-0.91%				3.72%	3.60%	6.32%	7.35%	N/A
<i>S&P 500 Index</i>																	
State Street	46,389,436	3.0%	3.0%	3.61%	0.81%	46,016,547	3.0%	3.0%	-0.90%	44,366,653	2.9%	3.0%	3.72%	3.61%	6.34%	7.37%	-2.85%
S&P 500				3.60%	0.81%				-0.91%				3.72%	3.60%	6.32%	7.35%	-2.88%
TOTAL LARGE CAP DOMESTIC EQUITY	467,761,886	30.4%	30.0%	4.78%	1.32%	461,534,881	30.5%	30.0%	-0.50%	458,574,092	30.2%	30.0%	3.94%	4.78%	8.65%	8.22%	-1.45%
S&P 500				3.60%	0.81%				-0.91%				3.72%	3.60%	6.32%	7.35%	-2.88%
SMALL CAP DOMESTIC EQUITY																	
<i>Manager-of-Managers</i>																	
SEI	158,038,229	10.3%	10.0%	5.48%	0.91%	156,518,640	10.3%	10.0%	-2.46%	166,181,676	11.0%	10.0%	7.17%	5.48%	9.36%	12.29%	N/A
Russell 2000 + 200bp				5.21%	0.48%				-1.69%				6.50%	5.21%	11.64%	12.82%	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	158,038,229	10.3%	10.0%	5.48%	0.91%	156,518,640	10.3%	10.0%	-2.46%	166,181,676	11.0%	10.0%	7.17%	5.48%	9.36%	12.29%	4.88%
Russell 2000				4.69%	0.31%				-1.85%				6.34%	4.69%	9.45%	11.15%	4.77%
INTERNATIONAL EQUITY																	
<i>Large Cap - Core</i>																	
State Street	16,771,189	1.1%	1.0%	10.65%	4.75%	15,832,889	1.0%	1.0%	2.51%	15,826,233	1.0%	1.0%	3.04%	10.65%	7.68%	8.28%	-1.66%
MSCI EAFE (1)				10.38%	4.45%				2.53%				3.07%	10.38%	9.59%	7.55%	-2.71%
<i>Large Cap - Active</i>																	
Capital Guardian	50,194,725	3.3%	3.0%	11.82%	4.98%	47,270,828	3.1%	3.0%	2.93%	47,129,116	3.1%	3.0%	3.48%	11.82%	11.23%	7.54%	-2.92%
LSV	49,949,026	3.2%	3.0%	11.55%	6.03%	47,024,278	3.1%	3.0%	1.73%	46,633,436	3.1%	3.0%	3.43%	11.55%	N/A	N/A	N/A
Bank of Ireland	16,149,923	1.1%	1.0%	6.99%	2.65%	15,552,271	1.0%	1.0%	0.93%	15,515,036	1.0%	1.0%	3.26%	6.99%	12.20%	N/A	N/A
Total Large Cap - Active	116,293,675	7.6%	7.0%	11.02%	5.10%	109,847,378	7.2%	7.0%	2.13%	109,277,588	7.2%	7.0%	3.43%	11.02%	13.74%	7.27%	-2.84%
MSCI EAFE - 50% Hedged				11.07%	5.36%				1.95%				3.40%	11.07%	14.41%	7.78%	-2.59%
<i>Small Cap - Active</i>																	
Lazard	16,531,234	1.1%	1.0%	9.65%	2.52%	15,937,504	1.1%	1.0%	2.73%	16,008,758	1.1%	1.0%	4.11%	9.65%	19.82%	N/A	N/A
Wellington	16,232,695	1.1%	1.0%	8.08%	2.86%	16,967,197	1.1%	1.0%	1.48%	15,799,070	1.0%	1.0%	3.56%	8.08%	12.00%	N/A	N/A
Total Small Cap - Active	32,763,928	2.1%	2.0%	8.88%	2.69%	32,904,701	2.2%	2.0%	2.11%	31,807,828	2.1%	2.0%	3.83%	8.88%	15.90%	N/A	N/A
Citigroup Broad Market Index < \$2BN				12.05%	4.70%				3.00%				3.90%	12.05%	21.33%	N/A	N/A
TOTAL INTERNATIONAL EQUITY	165,828,792	10.8%	10.0%	10.56%	4.58%	158,584,968	10.5%	10.0%	2.18%	156,911,649	10.3%	10.0%	3.47%	10.56%	13.12%	9.44%	-0.97%
MSCI EAFE - 50% Hedged				11.07%	5.36%				1.95%				3.40%	11.07%	14.41%	7.78%	-2.59%
EMERGING MARKETS EQUITY																	
Capital Guardian	65,494,678	4.3%	3.6%	16.25%	8.57%	60,280,636	4.0%	3.6%	0.09%	60,273,464	4.0%	3.6%	6.98%	16.25%	33.94%	16.80%	1.21%
UBS	22,796,595	1.5%	1.4%	N/A	9.14%	20,874,709	1.4%	1.4%	2.11%	20,579,673	1.4%	1.4%	N/A	N/A	N/A	N/A	N/A
TOTAL EMERGING MARKETS EQUITY	88,291,273	5.7%	5.0%	17.05%	8.72%	81,155,345	5.4%	5.0%	0.60%	80,853,137	5.3%	5.0%	7.02%	17.05%	33.94%	16.80%	1.21%
MSCI Emerging Markets Free				18.11%	9.32%				0.90%				7.08%	18.11%	34.89%	19.03%	4.82%
DOMESTIC FIXED INCOME																	
<i>Core Bond</i>																	
Western Asset	33,978,831	2.2%	2.6%	-0.48%	-1.01%	34,790,456	2.3%	2.4%	1.15%	37,289,704	2.5%	3.0%	-0.62%	-0.48%	7.25%	4.82%	7.29%
Lehman Aggregate				-0.67%	-1.03%				1.28%				-0.91%	-0.67%	6.80%	3.23%	5.85%
<i>Index</i>																	
Bank of ND	69,862,046	4.5%	4.8%	-0.93%	-1.34%	69,036,570	4.6%	4.7%	1.68%	66,625,466	4.4%	4.7%	-1.23%	-0.93%	7.23%	3.35%	6.08%
Bank of ND Match Loan CD Program	19,021,175	1.2%	1.2%	1.28%	0.43%	19,811,137	1.3%	1.3%	0.43%	19,817,738	1.3%	1.3%	0.42%	1.28%	5.08%	4.05%	4.76%
Total Index	88,883,221	5.8%	6.0%	-0.43%	-0.96%	88,847,707	5.9%	6.0%	1.37%	86,443,205	5.7%	6.0%	-0.82%	-0.43%	6.91%	3.40%	5.89%
Lehman Gov/Credit				-0.96%	-1.31%				1.49%				-1.13%	-0.96%	7.26%	3.62%	6.00%
<i>Convertibles</i>																	
TCW	34,388,953	2.2%	2.4%	2.95%	0.86%	34,549,394	2.3%	2.4%	-0.80%	29,681,903	2.0%	2.1%	2.89%	2.95%	-0.23%	9.87%	-2.01%
Merrill Lynch All Convertibles				4.15%	0.99%				-0.07%				3.19%	4.15%	0.66%	11.20%	1.19%

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	September-05					August-05				July-05				Current	Prior Year	3 Years	5 Years
	Allocation		Quarter	Month	Market Value	Allocation		Month	Allocation		Month	Net ROR	Net ROR	Fiscal YTD	FY05	3 Years Ended 6/30/2005 Net	5 Years Ended 6/30/2005 Net
	Market Value	Actual	Policy	Net ROR		Net ROR	Actual	Policy	Net ROR	Market Value	Actual						
BBB Average Quality																	
Wells Capital (formerly Strong)	33,517,868	2.2%	2.6%	-0.82%	-1.79%	36,484,699	2.4%	2.4%	1.50%	42,742,683	2.8%	3.0%	-0.50%	-0.82%	12.04%	4.88%	6.19%
Lehman BBB				-0.97%	-1.69%				1.48%				-0.74%	-0.97%	8.60%	5.86%	5.89%
Private Debt																	
Prudential	33,285,599	2.2%	2.2%	-0.27%	-0.85%	34,061,453	2.2%	2.2%	1.58%	3,355,451	0.2%	0.2%	-0.98%	-0.27%	N/A	N/A	N/A
Lehman Aggregate					-1.03%				1.28%				-0.91%	-0.67%	N/A	N/A	N/A
Timberland																	
RMK	36,378,341	2.4%	2.4%	-0.24%	-0.08%	36,879,334	2.4%	2.4%	-0.08%	41,991,535	2.8%	2.8%	-0.08%	-0.24%	14.50%	7.42%	N/A
TIR	91,448,499	5.9%	5.9%	-0.09%	-0.03%	92,707,905	6.1%	6.1%	-0.03%	105,559,304	7.0%	7.0%	-0.03%	-0.09%	N/A	N/A	N/A
Total Timberland	127,826,840	8.3%	8.3%	-0.13%	-0.04%	129,587,239	8.6%	8.6%	-0.04%	147,550,839	9.7%	9.7%	-0.04%	-0.13%	44.29%	7.46%	N/A
NCREIF Timberland Index					0.32%				0.32%				0.32%	0.95%	14.07%	3.03%	N/A
TOTAL DOMESTIC FIXED INCOME	351,881,313	22.9%	24.0%	-0.09%	-0.54%	358,320,948	23.6%	24.0%	0.58%	347,063,785	22.9%	24.0%	-0.13%	-0.09%	19.23%	5.43%	5.13%
Lehman Aggregate				-0.67%	-1.03%				1.28%				-0.91%	-0.67%	6.80%	3.23%	5.85%
HIGH YIELD BONDS																	
Loomis Sayles	37,772,685	2.5%	2.5%	1.24%	-0.60%	37,983,166	2.5%	2.5%	0.34%	38,128,142	2.5%	2.5%	1.49%	1.24%	15.96%	N/A	N/A
Lehman High Yield Cash Pay Index				0.99%	-0.89%				0.31%				1.58%	0.99%	10.83%	N/A	N/A
Sutter/Wells Capital	37,217,647	2.4%	2.5%	0.31%	-1.82%	37,892,227	2.5%	2.5%	0.33%	37,546,119	2.5%	2.5%	1.82%	0.31%	9.62%	N/A	N/A
Merrill Lynch High Yield Master II Index				0.99%	-0.89%				0.31%				1.58%	0.99%	10.63%	N/A	N/A
TOTAL HIGH YIELD BONDS	74,990,331	4.9%	5.0%	0.77%	-1.20%	75,875,393	5.0%	5.0%	0.34%	75,674,261	5.0%	5.0%	1.66%	0.77%	12.76%	9.21%	3.17%
Lehman High Yield Bond Index				0.99%	-0.89%				0.31%				1.58%	0.99%	10.86%	11.00%	5.48%
INTERNATIONAL FIXED INCOME																	
International Sovereign																	
UBS Global (Brinson)	36,769,202	2.4%	2.5%	-1.08%	-1.99%	37,505,338	2.5%	2.5%	1.61%	33,576,189	2.2%	2.5%	-0.66%	-1.08%	7.92%	8.04%	6.37%
Citigroup Non-US Gov't Bond Index (2)				-1.24%	-2.07%				1.85%				-0.98%	-1.24%	7.75%	7.80%	6.06%
International Core																	
Brandywine	37,366,135	2.4%	2.5%	0.80%	-0.06%	37,374,587	2.5%	2.5%	1.46%	36,055,224	2.4%	2.5%	-0.60%	0.80%	11.78%	N/A	N/A
Lehman Global Aggregate (ex-US)				-0.86%	-1.97%				1.88%				-0.73%	-0.86%	8.10%	N/A	N/A
TOTAL INTERNATIONAL FIXED INCOME	74,135,338	4.8%	5.0%	-0.15%	-1.03%	74,879,925	4.9%	5.0%	1.53%	69,631,414	4.6%	5.0%	-0.63%	-0.15%	9.84%	8.57%	6.68%
Citigroup Non-US Gov't Bond Index (2)				-1.24%	-2.07%				1.85%				-0.98%	-1.24%	7.75%	7.80%	6.06%
REAL ESTATE																	
INVESCO	40,766,608			7.19%	8.52%	37,566,286			-1.39%	38,096,777			0.17%	7.19%	22.20%	7.35%	7.58%
J.P. Morgan	40,394,385			6.33%	3.52%	39,022,404			1.71%	38,364,735			0.99%	6.33%	19.52%	8.40%	7.89%
TOTAL REAL ESTATE	81,160,993	5.3%	5.0%	6.76%	5.97%	76,588,691	5.1%	5.0%	0.17%	76,461,513	5.0%	5.0%	0.58%	6.76%	20.77%	7.86%	7.74%
NCREIF TOTAL INDEX				4.44%	1.46%				1.46%				1.46%	4.44%	18.02%	7.60%	8.14%
ALTERNATIVE INVESTMENTS																	
Brinson IVCF II	90,179			0.00%	0.00%	90,179			0.00%	90,179			0.00%	0.00%	0.89%	3.39%	-11.85%
Coral Partners II	123,908			0.19%	0.00%	123,908			0.00%	123,908			0.19%	0.19%	1.13%	8.13%	-21.66%
Coral Partners V	4,441,943			0.01%	0.00%	4,437,653			0.01%	4,434,840			0.00%	0.01%	-18.97%	-18.86%	-19.31%
Coral Partners V - Supplemental	542,802			-7.36%	0.00%	542,278			0.00%	541,986			-7.36%	-7.36%	-6.85%	-4.69%	N/A
Coral Partners VI	4,353,286			-1.55%	0.00%	4,196,278			0.00%	4,194,016			-1.55%	-1.55%	-1.17%	N/A	N/A
Brinson 1998 Partnership Fund	1,348,645			3.17%	3.17%	1,303,458			0.00%	1,464,528			0.00%	3.17%	19.64%	-1.27%	-4.69%
Brinson 1999 Partnership Fund	2,631,322			2.44%	2.44%	2,437,095			0.00%	2,435,781			0.00%	2.44%	9.31%	-0.57%	-5.94%
Brinson 2000 Partnership Fund	5,368,785			6.45%	6.45%	5,038,578			0.00%	5,035,846			0.00%	6.45%	14.97%	0.60%	-2.31%
Brinson 2001 Partnership Fund	3,173,636			3.91%	3.91%	3,051,214			0.00%	3,049,569			0.00%	3.91%	4.00%	1.38%	N/A
Brinson 2002 Partnership Fund	1,983,500			3.47%	5.20%	1,883,585			-1.64%	1,692,076			0.00%	3.47%	-4.22%	8.90%	N/A
Brinson 2003 Partnership Fund	394,646			7.59%	7.59%	366,465			0.00%	366,268			0.00%	7.59%	1.71%	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,194,478			-5.55%	-5.55%	1,397,798			0.00%	1,397,045			0.00%	-5.55%	32.09%	8.96%	4.08%
Brinson 2000 Non-US Partnership Fund	1,649,489			-0.69%	-0.69%	1,659,427			0.00%	1,658,533			0.00%	-0.69%	15.57%	7.86%	1.75%
Brinson 2001 Non-US Partnership Fund	1,808,748			9.11%	9.11%	1,667,982			0.00%	1,383,998			0.00%	9.11%	9.19%	8.22%	N/A
Brinson 2002 Non-US Partnership Fund	2,144,443			-0.04%	-0.04%	2,143,145			0.00%	2,600,843			0.00%	-0.04%	12.60%	7.71%	N/A
Brinson 2003 Non-US Partnership Fund	1,189,936			0.61%	0.61%	931,720			0.00%	931,720			0.00%	0.61%	2.52%	N/A	N/A
Brinson 2004 Non-US Partnership Fund	311,041			4.09%	4.09%	298,536			0.00%	298,375			0.00%	4.09%	0.42%	N/A	N/A
Brinson BVCF IV	7,204,263			10.29%	0.00%	7,197,304			10.29%	7,508,226			0.00%	10.29%	6.06%	4.49%	-6.48%
Matlin Patterson Global Opportunities	7,612,688			-8.79%	0.00%	7,605,334			-8.79%	8,333,913			0.00%	-8.79%	102.75%	N/A	N/A
Matlin Patterson Global Opportunities II	6,509,686			0.00%	0.00%	5,029,500			0.00%	4,027,925			0.00%	0.00%	N/A	N/A	N/A
InvestAmerica	2,068,707			0.00%	0.00%	1,292,926			0.00%	1,292,229			0.00%	0.00%	-18.88%	-6.88%	N/A
Hearthstone MSII	326,842			0.00%	0.00%	0			0.00%	0			0.00%	0.00%	1214.92%	18.39%	13.51%
Hearthstone MSIII	5,948,415			4.53%	0.00%	7,636,725			0.00%	7,632,608			4.53%	4.53%	16.51%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (3)	62,421,388	4.1%	5.0%	1.64%	1.24%	60,331,090	4.0%	5.0%	0.02%	60,493,908	4.0%	5.0%	0.37%	1.64%	17.24%	3.02%	-4.45%
CASH EQUIVALENTS																	
Northern Trust STIF/STEP	13,469,141	0.9%	1.0%	0.89%	0.30%	11,386,059	0.8%	1.0%	0.29%	24,799,750	1.6%	1.0%	0.30%	0.89%	2.19%	1.39%	2.46%
90 Day T-Bill				0.83%	0.30%				0.29%				0.24%	0.83%	2.15%	1.11%	2.35%
TOTAL FUND	1,537,978,684	100.0%	100.0%	4.43%	1.55%	1,515,175,939	100.0%	100.0%	0.08%	1,516,645,184	100.0%	100.0%	2.75%	4.43%	14.07%	11.96%	4.66%
POLICY TARGET BENCHMARK				3.67%	1.02%				0.27%				2.35%	3.67%	10.46%	9.88%	3.83%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.